EXHIBIT 4

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
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In re: Chapter 11
LEHMAN BROTHERS HOLDINGS, Case No. 08-13555
INC., et al, (JMP)

Debtors. (Jointly Administered)
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March 6, 2014
10:01 a.m.

Deposition of SAMUEL M. GRUER, pursuant to Notice, at the offices of Jones Day, 222 East 41st Street, New York, New York, before David Levy, CSR, RPR, CLR, a Notary Public of the State of New York.

S A M U E L M. G R U E R , having been
duly sworn by the Notary Public, was
examined and testified as follows:
EXAMINATION BY
MR. LAWRENCE:
Q. Could you state your name and spell your last name for the record, please?
A. Sure, it's Samuel Michael Gruer, G-r-u-e-r.
Q. And what's your business address?
A. 321 Millburn Avenue, that's M-i-l-l-b-u-r-n, New Jersey, 07041, Suite 4.
Q. We met earlier. My name is Paul Lawrence and I represent the Washington State TSA in this matter. I'm going to start by asking you a few questions about your background.
You understand you've been hired as an expert in this matter?
A. I do.
Q. When were you first contacted to act as an expert in this matter?
A. It would have been sometime last summer, 2013. I don't remember the specific dates.

curve as a way to identify, you used the term "market expectation as to future interest rates," is that right?

A. Correct.

Q. You're not actually using the forward curve to predict with accuracy what interest rates will be out five years, ten years, fifteen years, correct?

A. That's correct.

MR. TAMBE: Objection to form.

You can answer.

Q. And in fact, the forward curve is generally a poor predictor of the actual interest rates you'll see out three, five, ten years, correct?

A. I've seen certain studies that have shown that. I haven't done my own analysis as to whether it's a poor predictor over history or over a certain window.

Q. So you have no reason or basis to disagree with the construct that a forward curve is going to be an incorrect predictor of actual future interest rates more than 90 percent of the time?

the transaction.
Q. And how do you take into account the hedge transactions in valuation, if at all?
A. We don't.
Q. What events -- so you enter into a forward purchase agreement, you value it as of the date you entered into it. What are the types of events that would cause you to re-value on the books that forward purchase agreement?
A. Swings in market. Basically, the requirement was, every day, at the end of the day, you valued -- the book, which is the portfolio, that transaction as well as other transactions, is valued. And hedges in aggregate, which is part of the book, are also valued, and the net change in position versus the previous night's close is reported up to senior management.
Q. And that may result in additional hedge transactions being entered into; is that right?
A. Or removed, correct.
Q. The purpose of valuing is to understand the -- on a daily basis -- is to understand the shift in risk so that you can, as

you say, either add or remove hedges to take into account the shifts in risk; is that right?

MR. TAMBE: Objection to form of the question.

You can answer.

A. Yes, in part. It's also to determine whether or not the -- there's validity to the valuation methodology.

If you have policies and procedures in place, and you follow those policies and procedures in place, and as markets move and the value of the portfolio moves significantly outside of the accepted tolerances, positive or negative, it's indicative that there might be something wrong with the valuation methodology.

Q. Did anything occur while you were at Chase Securities and its predecessors that resulted in a change in the valuation methodology?

A. Not through that process. There were times when we identified changes that we thought were advantageous, but that were also consistent with proper financial accounting. And we would run those up the flagpole.

Q. Do you consider yourself an expert in

Gruer 1, do you recognize that to be -- and I guess I should --

MR. LAWRENCE: Can we go off the record for a second?

MR. TAMBE: Yes.

(Discussion off the record.)

Q. Going back to Gruer 1, would you look at paragraph 4, the scope of analysis performed.

Do you have that in front of you?

A. Yes.

Q. Okay. You state you've been asked by Jones Day to value the reserve fund agreement using, "In my experience, industry standard valuation methodology for reserve fund agreements."

Do you see that?

A. Yes.

Q. Is that what you did?

A. Yes.

Q. Is it fair, then, that you did not attempt to calculate TSA's loss as a result of the default by Lehman Brothers?

MR. TAMBE: Objection to the form of the question.

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You can answer.
A. I determined -- I estimated -- sorry. I attempted to calculate the value of the transaction. The loss that I calculated specifically was the 7.7B loss amount which is included, you know, in the valuation.
As a legal matter, whether or not that represents a loss or not, I was not asked to opine on that.
Q. So let's put aside the 7.7B. We'll talk about that specifically.
A. Sure.
Q. But have you read a copy of the Tobacco Settlement Authority RFA?
A. Yes.
Q. And you've seen the definition of the termination amount in that agreement?
A. I have.
Q. And did you review that for purposes of your report?
A. Yes.
Q. And do you understand that the first step in the process to come to a termination amount is to seek bids from dealers for a

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A. Well, I interpret that language to mean that, as if it was Lehman or any other dealer in an industry-consistent manner, is how Washington TSA should value the agreement, not introduce a new methodology.

Q. So let me make sure I understand. So am I correct, first of all, that in your report, your expert report, you don't anywhere quote the "as if it were Lehman" language in your report, correct?

A. Correct.

Q. So in your report, you didn't tell us that that was important or critical language, correct?

MR. TAMBE: Objection to the form of the question.

A. I don't, because I believe there's only one way to value the agreement.

Q. And so based on what you just said, the "as if it were Lehman" language is not determinative in how you value the agreement. If that language is in the RFA or not, you'd still value the RFA the same way.

A. I would --

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MR. TAMBE: Objection to the form of the question.
A. I would value it the same way.
Q. Now, certainly, Lehman could have written into the agreement the specific valuation methodology that you are utilizing, correct?
MR. TAMBE: Object to the form of the question.
A. It would have been awkward language, but I guess theoretically it could have been incorporated.
Q. What would be --
A. I've never seen language like that.
Q. They could have said, "You should use forward curves," correct?
A. They could have.
Q. They didn't, correct? You have to answer yes or no.
A. No, they did not.
Q. And they could have stated that you have to assume that the TSA would in fact be obligated to invest in the highest-yielding eligible securities, correct?
A. Well, I wouldn't say that they were

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the current market conditions for ten-year and the current market conditions for nine-and-a-half year, and then it extrapolates out the difference, is what you're saying.

A. Precisely.

Q. Now, one way the TSA could actually have obtained the benefit of the market as of March 25th, 2009, would actually go out and buy government securities for all the points of delivery; but that wouldn't be permitted, correct?

MR. TAMBE: Objection to form.

A. That's correct. I don't believe that would be permitted.

Q. And to get the benefit of the market perception of the rates reflected in these forward curves, you would have to transact on March 25th, 2009, correct?

MR. TAMBE: Objection to the form of the question.

A. Just, can you repeat?

Q. To get the benefit of what the market is predicting here in these forward curves, you would have to transact on March 25th, 2009, correct?

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MR. TAMBE: Objection.
A. To get that benefit? Perhaps.
Q. I mean, it typically changes day to day, correct?
A. Yes.
Q. So if we were, and I think if we were to look at the forward curve today, it would look very different than these forward curves, correct?
A. I haven't looked at it for this but I assume that to be true.
Q. So the only day that we can actually obtain the benefit of the rates that are reflected in the forward curve that you used would be to transact on March 25th, 2009, correct?
MR. TAMBE: Objection to the form.
You can answer.
A. Yes, to get to -- to capture March 25th data, yeah, you would have had to transact on March 25th.
Q. If you turn to the next page, there's a chart there that purports to show the yields on government agencies as of March 25th, 2009 for a period up to thirty years, correct?
A. Correct.